



ASIC

Australian Securities & Investments Commission

Our Reference: CCU-09\0501

16 October 2009

Senator Gary Humphries
Chair
Senate References Committee
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Dear Senator Humphries

Thank you for your letter dated 18 August 2009 addressed to Ms Delia Rickard, Senior Executive, Consumers and Retail Investors and Regional Commissioner ACT of the Australian Securities and Investments Commission (ASIC), concerning correspondence sent to Mr Steve Trzcinski relating to ABC Learning Centres.

ASIC received a complaint from Mr Trzcinski in May 2006. Following receipt of the complaint, ASIC made enquiries regarding the revaluation of childcare licences by ABC Limited in its financial statements for year ended 30 June 2005 and half-year ended 31 December 2005.

Revaluation of the licenses was permitted under the accounting standards for the year ended June 2005 and new accounting standards applied thereafter. The new standard AASB 138 "Intangible Assets" ("AASB 138") only allows the revaluation of intangible assets in certain circumstances. However, the standards only apply where an accounting treatment has a material impact.

ASIC raised some issues of concern with ABC Learning, particularly that they may not have complied with AASB 138. ASIC further reviewed the 2005/2006 financial statements of ABC Learning Limited. However, ASIC noted that at the time of its enquiries, the financial impact of these concerns on the 2006 financial statements was not material to the company. ASIC decided that it would not proceed further with its enquiries in relation to these concerns at that time.

ASIC is currently conducting an investigation into the collapse of ABC Learning Limited and the circumstances surrounding the collapse. ASIC is presently unable to comment on what action is likely to result from this investigation.

Yours sincerely

Tony D'Aloisio